

Good morning Mr. Chairman and distinguished subcommittee members. I would like to thank you for the opportunity to address your panel.

The test of any farm policy is how it performs in a depressed market, and unfortunately, as we have seen, the 1996 Farm Bill has failed to sufficiently protect our nation's farmers. While the nation's economy as a whole is booming, rural America continues to suffer a severe economic depression. Markets are crumbling, prices are continuing to drop and America's family farmers are struggling for survival.

As many of you know, I believe the role of the Federal Government in American agriculture is to enhance the quality of life for our citizens, support production of agriculture and provide economic opportunities for farm and rural residents to ensure we do not become dependent on foreign governments for our food supply. It is a national security issue. In order to ensure a safe, affordable, nutritious and accessible domestic food supply, federal farm programs should provide an economic safety net for farmers and ranchers and help open, expand and maintain global market opportunities for agriculture producers. This safety net is a vital component of a stable domestic farm economy.

It is this last point I would like to bring to the subcommittee's attention. In the midst of periodic global economic turmoil and trade wars, one such common sense program is

working - and working well - to develop foreign markets for US agricultural goods. The Market Access Program (MAP) successfully helps our farmers export their products globally. MAP partners with our agricultural producers to develop foreign markets by assisting them in promoting their products abroad through consumer promotions, market research and technical assistance. Participants in the program are required to provide matching funds of up to 50% of the program costs.

All regions of the country benefit from the program's employment and economic effects through expanded agricultural export markets. In 1998, agricultural exports totaled \$53.6 billion, generating 814,720 full-time American jobs, including 513,274 off-farm sector jobs. Agricultural exports have fallen dramatically in recent years, decreasing by 7%, or \$3.5 billion from 1998 to 1999. At the same time, agriculture imports have increased by \$800 million. This has brought the U.S. agricultural trade surplus down from \$14.8 billion in 1998 to \$10.3 billion in 1999. This is the smallest U.S. trade surplus in the past decade.

While some progress has been made through trade agreements, there is still much to be done to open foreign markets to American agricultural products. Although the Uruguay Round discipline has decreased direct export subsidies such as the Export Enhancement Program (EEP), no reductions are required in green-box market promotion programs such as MAP which are not under WTO scrutiny.

In 1998 competitors outspent the United States by nearly 4 to 1. Total foreign expenditures for export promotion were over \$1 billion dollars, compared to U.S. expenditures of \$287 million. Our farmers are currently trading with countries that spend 20 times more on agriculture export subsidies and market promotion expenditures than the United States. The European Union currently spends \$100 million to promote their agriculture product sales in the U.S. alone. That is 10% more than the United States spends on its MAP promotion program for the entire world.

Congressman Doc Hastings and I have introduced legislation, H.R. 98, "The Agricultural Market Access and Development Act," to restore the amount of funding available for MAP to its original 1991 authorization level.

Specifically, the bill would authorize the US Secretary of Agriculture to spend up to \$200 million on MAP, but not less than the current \$90 million, to help small businesses, cooperatives and organizations that represent US agriculture producers promote their products overseas. Likewise, this legislation would also set a minimum of \$35 million to be spent on the promotion of US bulk commodities overseas through the Foreign Market Development Program (FMDP). Finally, H.R. 98 permits the use of unexpended Export Enhancement Program Funds (EEP) for the MAP or FMDP. Formerly, EEP funds were used to subsidize US exports to make them more competitive; but unfortunately, were subject to

discipline in the Uruguay Round, classified as amber box, and slated for reduction. These unused funds usually amount up to \$500 million a year.

Right now, foreign countries directly subsidize their agricultural exports and spend far more than the US each year promoting their products abroad. MAP and FMDP are the only available programs that give our farmers the chance to compete on a level playing field in the global marketplace. MAP is a good program - and one that is critical if our farmers want to gain access to new markets. It is a program that provides benefits to virtually all types of commodities from every corner of our country including fruits, nuts, vegetables, all sorts of grains, cotton, catfish, livestock, seafood, dairy, timber, seeds and the list goes on.

In my state, the citrus industry has been particularly successful in their efforts to gain access to new markets in Asia for example, through their participation in MAP. Additionally, while the tomato industry in Florida has been largely devastated as a result of the North American Free Trade Agreement (NAFTA), they have formed a successful MAP partnership with their colleagues in California to create new markets promoting U.S. tomatoes in Canada and Japan. I mention the tomato industry example to underline the fundamental significance of not only free trade, but fair trade. Given the growing access of foreign producers to U.S. markets, our American producers must have to means to develop and access markets around the world in order to compete and survive. The type of success achieved by the Florida citrus

industry helps explain why, each year, every available penny of MAP funds are allocated for export promotion activities. Clearly, this is a vital tool for American farmers in developing new markets for U.S. agriculture.

It is time to expand this program so more American farmers and ranchers can benefit from it and be successful in promoting their products abroad. I strongly urge your support of H.R. 98 and the inclusion of its provisions in the upcoming Farm Bill.

I thank the Committee for its time and consideration.

TESTIMONY
OF
THE HONORABLE ALLEN BOYD (D-FL)

"UNITED STATES DEPARTMENT OF AGRICULTURE EXPORT AND
MARKET PROMOTION PROGRAMS"

US House Agriculture Committee

June 28, 2001